

Rural rest home for elderly poor. A nonprofit publicly-supported organization that operates a rural rest home to provide, at a nominal charge, two-week vacations for elderly poor people from nearby metropolitan areas qualifies for exemption as a charitable organization under section 501(c)(3) of the Code.

Advice has been requested whether the otherwise qualified nonprofit organization described below qualifies for exemption from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954.

The purpose of the organization is to provide, on an objective basis, poor elderly people with brief vacations in the country. The organization owns and operates a rural rest home to which it admits only poor elderly people from nearby metropolitan areas for two-week stays.

The rest home provides the elderly people with well-balanced meals and pleasant lodgings. The guests relax in the companionship of people of similar age and interests and take part in appropriate recreational activities sponsored by the organization.

The fees charged the guests are nominal and the organization is dependent upon contributions from the general public for financial support in order to meet operating expenses.

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable purposes.

Section 1.501(c)(3)-1(d)(2) of the Income Tax Regulations provides that the term 'charitable' is used in its generally accepted legal sense for purposes of section 501(c)(3) of the Code. Such term includes relief of the poor and distressed.

An organization which provides, on an objective basis, poor elderly people with two week vacations at its rest home in the country in the manner described above relieves the poor and distressed in the generally accepted legal sense of charity. Accordingly, the organization qualifies for exemption from Federal income tax under section 501(c)(3) as an organization organized and operated exclusively for charitable purposes.

Even though an organization considers itself within the scope of this Revenue Ruling, it must file an application on Form 1023, Application for Recognition of Exemption, in order to be recognized by the Service as exempt under section 501(c)(3) of the Code. The application should be filed with the District Director of Internal Revenue for the district in which is located the principal place of business or principal office of the organizations. See sections 1.501(a)-1 and 1.508-1(a) of the

regulations.